

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4653

ANSWERED ON:23.04.2010

BORROWINGS AND EXPENDITURE OF THE GOVERNMENT

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Will the Minister of FINANCE be pleased to state:

- (a) the details of annual budgetary outlay vis-a-vis expenditure incurred during each of the last three years;
- (b) the details of gross borrowings and the percentage of it of the Gross Domestic Product (GDP) of the Centre during each of the last three years;
- (c) whether the Government has decided to borrow an amount of Rs. 4,57,000 crore during the financial year 2010-2011;
- (d) if so, the facts in this regard alongwith reasons for the increase in such borrowings and steps taken or proposed to be taken in this connection;
- (e) the details of impact of such expenditure and also of borrowings of the Government on the GDP; and
- (f) the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a): The details of annual budgetary outlay vis-a-vis expenditure incurred during each of the last three years is as under:

(Amount in Rupees crore)

Year	Annual Budgetary Outlay (Budget Estimates)	Annual Expenditure
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2007-2008	6,80,521	7.12,671 (Actual)
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2008-2009	7,50,884	8,83,956 (Actual)
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2009-2010	10,20,838	10,21,547 (Revised Estimates)
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The expenditure reported above are against provisions made in Budget Estimates and Supplementary Demands for Grants.

(b): The details of gross borrowings and the percentage of it of the Gross Domestic Product (GDP) of the Centre during each of the last three years is as under:

Year	Gross Borrowings (Rs. crore)	Percentage of GDP
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2007-2008	1,68,101	3.4
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2008-2009	2,73,000	4.9
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(c): The Central Government has decided to borrow an amount of Rs. 4,57,143 crore during the financial year 2010-2011.

(d): The size of borrowings has increased in the last three years on account of financing the developmental expenditure and due to expansionary counter-cyclical fiscal policy stance adopted by the Government in 2008 -2009 and 2009-2010, in the face of the global economic crisis.

The quantum of borrowing is primarily dependent on the Fiscal Deficit. In the Medium Term Fiscal Policy Statement laid before the Parliament, along with the Budget 2010-2011, the Fiscal Deficit has been projected to decrease from the level of 5.5 % of GDP in 2010-2011 to 4.8% and 4.1% in 2011-2012 and 2012-2013 respectively.

(e) and (f): In order to minimize the impact of the global slowdown on the Indian economy, the Government took a conscious decision to continue with the fiscal expansionary measures in the Budget 2009-2010. The aim of the policy was to enhance public expenditure so as to boost demand and spur the process of development and economic revival. The positive impact of these measures could be seen with Indian economy recording 7 per cent growth in real GDP in the first half of 2009-2010. Indian economy is estimated to grow at 7.2 per cent in 2009-2010 as per the latest data.

Increase in the debt, resulting from increased borrowings of the Government to finance its developmental expenditure, may have an adverse impact on the GDP growth, if private sector is crowded out due to government borrowings. This may in turn impact on the GDP growth, since the private sector is an important driver of economic growth. To ensure that the financing needs of the private sector are fully met, and the public debt is kept at a sustainable level, government borrowings were done in a non-disruptive manner in 2009 -2010. Further, the government has embarked on a path of fiscal consolidation to lower fiscal deficit and public debt in the coming years.